

H.F. 2455 substituted 3/20

FILED FEB 16 1990

SENATE FILE 2378
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 2222)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state chartered legal entities, especially
2 nonprofit corporations and cooperative associations, by
3 altering requirements and procedure for filing corporate
4 documents in the office of the secretary of state and by
5 requiring corporations organized under or subject to Iowa Code
6 chapter 504 to convert to chapter 504A within a certain period
7 of time.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SC 2378

1 Section 1. Section 499.5, subsection 3, Code 1989, is
2 amended to read as follows:

3 3. A nonprofit water utility organized under chapter 357A
4 or 504A may elect to become an association under this chapter
5 upon majority vote of its members by filing with the secretary
6 of state a ~~verified~~ statement confirming the election and
7 appropriate articles of incorporation. However, the
8 association is subject to the service limitation provisions
9 contained in sections 357.1 and 357A.2.

10 Sec. 2. Section 499.25, Code 1989, is amended to read as
11 follows:

12 499.25 ISSUING PREFERRED STOCK IN PURCHASES.

13 An association may discharge all or any part of obligations
14 incurred in purchasing any business, property or stock, or an
15 interest therein, by issuing its authorized preferred stock in
16 an amount not exceeding the fair market value of the thing
17 purchased. Issuance of such stock in an amount exceeding
18 twenty-five thousand dollars shall be governed by ~~the law as~~
19 ~~found in~~ sections 492.6 and 492.7. Issuance of such stock in
20 amounts smaller than twenty-five thousand dollars shall be
21 upon the fair market value of the property purchased, as
22 determined through an appraisal made by the director or a
23 competent appraiser employed by the directors. Within thirty
24 days after such issue, the association shall file with the
25 secretary of state a ~~verified~~ report containing an accurate
26 detailed description of the thing purchased, the valuation
27 ~~thereof~~ of the thing by the directors, and the amount of
28 preferred stock ~~thus~~ issued. Such preferred stock shall be
29 valid as though paid for in cash.

30 Sec. 3. Section 499.41, unnumbered paragraph 2, Code 1989,
31 is amended to read as follows:

32 ~~Amendments signed and acknowledged by officers designated~~
33 ~~for such purpose,~~ shall be executed and filed ~~and recorded~~ as
34 provided in section 499.44.

35 Sec. 4. Section 499.42, unnumbered paragraph 4, Code 1989,

1 is amended to read as follows:

2 The renewal articles shall be ~~signed~~, executed and filed
3 ~~and-recorded~~ as required by section 499.41. Renewal shall not
4 relieve the association from fees, charges, or penalties which
5 may have accrued against it.

6 Sec. 5. Section 499.43, unnumbered paragraph 1, Code 1989,
7 is amended to read as follows:

8 ~~Any~~ An existing Iowa co-operative corporation may, by a
9 majority vote of all its members, at a meeting called for that
10 purpose and held before its present articles expire, may amend
11 its articles ~~so-as~~ to comply with this chapter and section
12 499.40, which may extend its corporate duration. ~~Such~~ The
13 amended articles, ~~signed-and-acknowledged-by-officers~~
14 ~~designated-for-that-purpose~~, shall be executed and filed and
15 ~~recorded~~, and a certificate of incorporation issued, as
16 required by section 499.44, ~~whereupon-such~~. Upon issuance of
17 the certificate, the corporation shall be deemed an
18 association under this chapter.

19 Sec. 6. Section 499.44, Code 1989, is amended by striking
20 the section and inserting in lieu thereof the following:

21 499.44 EXECUTION AND FILING OF DOCUMENTS.

22 1. The secretary of state shall record all documents
23 submitted to and required to be filed with the secretary under
24 this chapter.

25 2. A document required to be filed with the secretary of
26 state pursuant to this chapter must be executed. The person
27 executing the document must be the association's presiding
28 officer of the board of directors, or the association's
29 president or other officer. However, if the board of
30 directors has not been selected or the association has not
31 been formed, the document must be signed by an incorporator of
32 the association. If the association is under the control of a
33 person acting as a fiduciary of the association, including a
34 trustee or receiver, the document must be signed by the
35 fiduciary.

1 A document required to be executed shall contain the
2 printed name of the person executing the document and the
3 capacity in which the person serves the association. The
4 signature of the person must appear above or opposite the
5 person's printed name and capacity. In the discretion of the
6 secretary of state, a document containing a copy of the
7 person's signature may be accepted for filing. The document
8 may also contain a corporate seal, an attestation by the
9 secretary of state or person charged by the secretary, or an
10 acknowledgement, verification, or proof that the execution is
11 valid.

12 3. Articles of incorporation, amendments to articles, or
13 renewal of articles must be filed with the secretary of state,
14 and recorded in the county where the association has its
15 principal place of business, as required by the general
16 corporation laws. The association's corporate existence shall
17 begin upon approval by the secretary of state of the articles
18 and issuance of the certificate of incorporation.

19 4. A document filed under this section must be corrected
20 if the document contains an incorrect statement or the
21 execution of the document was defective. A document is
22 corrected by filing with the secretary articles of correction
23 which describe the document to be corrected, including its
24 filing date or a copy of the document. The articles must
25 specify and explain the cause for the defective statement or
26 incorrect execution, and correct the defective statement or
27 defective execution.

28 Articles of correction are deemed to be effective on the
29 date that the document corrected took or takes effect.
30 However, as applied to persons relying upon the uncorrected
31 document or adversely affected by the articles of correction,
32 the effective date of the articles of correction is the date
33 that the articles are filed.

34 Sec. 7. Section 499.47, subsection 3, Code 1989, is
35 amended to read as follows:

1 3. Upon the expiration or voluntary dissolution of an
2 association, the members shall designate three of their number
3 as trustees to replace the officers and directors and wind up
4 its affairs. ~~Such~~ The trustees shall thereupon have all the
5 powers of the board, including the power to sell and convey
6 ~~all~~ real or personal property and execute conveyances thereof.
7 Within the time fixed in their designation, or any extension
8 ~~thereof~~ of that time, they the trustees shall liquidate ~~its~~
9 the association's assets, pay its debts and expenses, and
10 distribute any remaining funds among the members, ~~and~~
11 thereupon. Upon distribution of remaining assets the
12 association shall stand dissolved and cease to exist. The
13 trustees shall make, and sign, ~~and acknowledge~~ a duplicate
14 report of ~~such~~ the dissolution, filing one. One copy of the
15 report shall be filed with the secretary of state and one copy
16 of the report shall be filed with the recorder of the county
17 where the articles were recorded.

18 Sec. 8. Section 499.67, unnumbered paragraph 1, Code 1989,
19 is amended to read as follows:

20 Upon approval, articles of merger or articles of
21 consolidation shall be executed by each co-operative
22 association ~~by its president or a vice president and by its~~
23 ~~secretary or an assistant secretary, and acknowledged by one~~
24 ~~of the officers of each co-operative association signing the~~
25 ~~articles, and shall set forth~~ as provided in section 499.44.
26 The articles must include the following:

27 Sec. 9. Section 499.67, unnumbered paragraph 2, Code 1989,
28 is amended to read as follows:

29 The articles of merger or articles of consolidation shall
30 be delivered to the secretary of state for filing ~~and~~
31 ~~recording in the secretary of state's office,~~ and shall be
32 filed and recorded in the office of the county recorder.

33 Sec. 10. Section 504A.9, subsection 5, Code Supplement
34 1989, is amended to read as follows:

35 5. If its registered agent or agents ~~be~~ are changed, the

1 name of its successor registered agent or agents, and the new
2 agent's or agents' written consent, either on the statement,
3 or by attaching the agent's or agents' consent to the
4 appointment.

5 Sec. 11. Section 504A.9, subsection 7, Code Supplement
6 1989, is amended by striking the subsection.

7 Sec. 12. Section 504A.9, unnumbered paragraph 2, Code
8 Supplement 1989, is amended to read as follows:

9 ~~Such statement shall be executed by the corporation by its~~
10 ~~president or a vice-president.--Such~~ The statement shall be
11 delivered to the secretary of state for filing and recording
12 in the secretary of state's office, and the statement shall be
13 filed and recorded in the office of the county recorder. If
14 the registered office is changed from one county to another,
15 the statement shall be filed and recorded in the office of the
16 county recorder of the county to which the registered office
17 is changed, and a certified copy of the statement shall be
18 furnished by the secretary of state and delivered to the
19 office of the county recorder for filing in the county in
20 which the registered office was located prior to the filing of
21 the statement.

22 Sec. 13. Section 504A.32, Code Supplement 1989, is amended
23 by adding the following new subsections:

24 NEW SUBSECTION. 4. A document that is filed in the office
25 of the secretary of state shall be executed:

26 a. By the presiding officer of the board of directors of
27 the corporation or the foreign corporation, its president, or
28 another of its officers.

29 b. If directors have not been selected or the corporation
30 has not been formed, by an incorporator.

31 c. If the corporation is in the hands of a receiver,
32 trustee, or other court-appointed fiduciary, by that
33 fiduciary.

34 NEW SUBSECTION. 5. The person executing the document
35 shall sign it and state beneath or opposite the signature, the

1 person's name and the capacity in which the person signs. The
2 secretary of state may accept for filing a document containing
3 a copy of a signature, however made. The document may, but
4 need not, contain:

5 a. The corporate seal.

6 b. An attestation by the secretary or an assistant
7 secretary.

8 c. An acknowledgment, verification, or proof.

9 NEW SUBSECTION. 6. The secretary of state may adopt rules
10 permitting the electronic filing of documents in the office of
11 the secretary of state, and for the certification of copies of
12 electronically filed documents.

13 Sec. 14. NEW SECTION. 504A.32A CORRECTING FILED
14 DOCUMENTS.

15 1. A domestic or foreign corporation may correct a
16 document filed by the secretary of state if the document
17 satisfies one or both of the following requirements:

18 a. The document contains an incorrect statement.

19 b. The document was defectively executed, attested,
20 sealed, verified, or acknowledged.

21 2. A document is corrected by complying with both of the
22 following:

23 a. By preparing articles of correction that satisfy all of
24 the following requirements:

25 (1) Describe the document, including its filing date, or
26 attach a copy of it to the articles.

27 (2) Specify the incorrect statement or manner in which the
28 execution was defective.

29 (3) Correct the incorrect statement or defective
30 execution.

31 b. By delivering the articles of correction to the
32 secretary of state for filing.

33 3. Articles of correction are effective on the effective
34 date of the document they correct except as to persons relying
35 on the uncorrected document and adversely affected by the

1 correction. As to persons relying on the uncorrected document
2 and adversely affected by the correction, the articles of
3 correction are effective when filed by the secretary of state.

4 Sec. 15. Section 504A.36, unnumbered paragraph 1, Code
5 1989, is amended to read as follows:

6 The articles of amendment shall be executed by the
7 corporation ~~by its president or a vice president and by its~~
8 ~~secretary or an assistant secretary, and acknowledged by one~~
9 ~~of the officers signing such articles,~~ and shall set forth:

10 Sec. 16. Section 504A.39, unnumbered paragraph 2, Code
11 1989, is amended to read as follows:

12 Upon such approval, restated articles of incorporation
13 shall be executed by the corporation ~~by its president or vice~~
14 ~~president and by its secretary or assistant secretary, and~~
15 ~~verified by one of the officers signing the same,~~ and shall
16 set forth, as then stated in the corporation's articles of
17 incorporation and, if the restated articles of incorporation
18 include an amendment or amendments to the articles of
19 incorporation to be made thereby, as so amended:

20 Sec. 17. Section 504A.43, unnumbered paragraph 1, Code
21 1989, is amended to read as follows:

22 Upon such approval, articles of merger or articles of
23 consolidation shall be executed by each corporation ~~by its~~
24 ~~president or a vice president and by its secretary or an~~
25 ~~assistant secretary, and acknowledged by one of the officers~~
26 ~~of each corporation signing such articles,~~ and shall set
27 forth:

28 Sec. 18. Section 504A.51, unnumbered paragraph 1, Code
29 1989, is amended to read as follows:

30 If voluntary dissolution proceedings have not been revoked,
31 then when all debts, liabilities, and obligations of the
32 corporation ~~shall~~ have been paid and discharged, or adequate
33 provision ~~shall have~~ has been made ~~therefor~~ for them, and all
34 of the remaining property and assets of the corporation ~~shall~~
35 have been transferred, conveyed, or distributed in accordance

1 with the provisions of this chapter, articles of dissolution
2 shall be executed by the corporation ~~by its president or a~~
3 ~~vice president, and by its secretary or an assistant~~
4 ~~secretary, and verified by one of the officers signing such~~
5 ~~statement, which statement shall set forth:~~ The articles of
6 dissolution shall set forth:

7 Sec. 19. Section 504A.69, unnumbered paragraph 2, Code
8 Supplement 1989, is amended to read as follows:

9 The application shall be made on forms prescribed and
10 furnished by the secretary of state and shall be executed by
11 the corporation ~~by its president or a vice president and by~~
12 ~~its secretary or an assistant secretary, and verified by one~~
13 ~~of the officers signing such application.~~

14 Sec. 20. Section 504A.73, subsection 5, Code Supplement
15 1989, is amended to read as follows:

16 5. If its registered agent or agents be are changed, the
17 name of its successor registered agent or agents, and the new
18 agent's or agents' written consent, either on the statement,
19 or by attaching the agent's consent to the appointment.

20 Sec. 21. Section 504A.73, subsection 7, Code Supplement
21 1989, is amended by striking the subsection.

22 Sec. 22. Section 504A.78, unnumbered paragraph 2, Code
23 1989, is amended to read as follows:

24 The application for withdrawal shall be made on forms
25 prescribed and furnished by the secretary of state and shall
26 be executed by the corporation ~~by its president or a vice~~
27 ~~president and by its secretary or an assistant secretary, and~~
28 ~~verified by one of the officers signing the application, or~~
29 ~~if the corporation is in the hands of a receiver or trustee,~~
30 ~~shall be executed on behalf of the corporation by such~~
31 ~~receiver or trustee and verified by that person.~~

32 Sec. 23. Section 504A.87, unnumbered paragraph 5, Code
33 Supplement 1989, is amended to read as follows:

34 If the certificate of incorporation of a corporation has
35 been canceled by the secretary of state as provided in this

1 section for failure to file an annual report, such corporation
2 shall be reinstated by the secretary of state at any time
3 within ~~five~~ two years following the date of the issuance by
4 the secretary of state of the certificate of cancellation
5 upon:

6 Sec. 24. Section 504A.87, subsection 1, unnumbered
7 paragraph 1, Code Supplement 1989, is amended to read as
8 follows:

9 The delivery by the corporation to the secretary of state
10 for filing in the secretary of state's office of an
11 application for reinstatement, ~~executed-by-its-president-or~~
12 ~~vice-president-and-by-its-secretary-or-an-assistant-secretary~~
13 ~~and-verified-by-one-of-the-officers-signing-such-application,~~
14 which shall set forth:

15 Sec. 25. Section 504A.87, Code Supplement 1989, is amended
16 by adding the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. When the certificate of
18 reinstatement is effective, it relates back to and takes
19 effect as of the effective date of the cancellation as if the
20 cancellation had never occurred.

21 Sec. 26. Section 504A.100, subsection 3, paragraphs a and
22 b, Code 1989, are amended to read as follows:

23 a. ~~As-to-domestic-corporations,~~ a resolution reciting
24 that the corporation voluntarily adopts this chapter and
25 designating the address of its initial registered office and
26 the name of its registered agent or agents at ~~such~~ that
27 address and, if the name of the corporation does not comply
28 with this chapter, amending the articles of incorporation of
29 the corporation to change the name of the corporation to one
30 complying with the requirements of this chapter, shall be
31 adopted by the procedure prescribed by this chapter for the
32 amendment of articles of incorporation. If ~~such~~ the
33 corporation has ~~theretofore~~ issued shares of stock, ~~said~~ the
34 resolution shall contain a statement of ~~such~~ that fact
35 including the number of shares ~~theretofore~~ authorized, the

1 number issued and outstanding, and a statement that all issued
2 and outstanding shares of stock have been delivered to the
3 corporation to be canceled upon the adoption of this chapter
4 by the corporation becoming-effective, or will be canceled
5 upon receipt by the corporation, and that from and after the
6 effective date of ~~said~~ adoption the authority of the
7 corporation to issue shares of stock ~~shall-be-thereby~~ is
8 terminated. As to foreign corporations, a resolution shall be
9 adopted by the board of directors, reciting that the
10 corporation voluntarily adopts this chapter, and designating
11 the address of its registered office in this state and the
12 name of its registered agent or agents, at such that address
13 and, if the name of the corporation does not comply with this
14 chapter, setting forth the name of the corporation with the
15 changes which it elects to make therein in the name conforming
16 to the requirements of this chapter for use in this state.

17 b. Upon adoption of the required resolution or
18 resolutions, an instrument shall be executed by the
19 corporation ~~by-its-president-or-vice-president-and-by-its~~
20 ~~secretary-or-an-assistant-secretary-and-verified-by-one-of-the~~
21 ~~officers-signing-the-instrument,~~ which shall set forth both of
22 the following:

23 (1) The name of the corporation,.

24 (2) Each such resolution adopted by the corporation and
25 the date of its adoption thereof.

26 Sec. 27. Section 504A.100, Code 1989, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 13. Corporations existing under chapter
29 504 shall be subject to this chapter on July 1, 1990, except
30 that the corporations shall be subject to sections 504A.8 and
31 504A.83 on January 1, 1992. A corporate existence of a
32 corporation that is not in compliance on the records of the
33 secretary of state with sections 504A.8 and 504A.83 on June
34 30, 1992, is terminated, effective July 1, 1992. A
35 corporation whose existence is terminated pursuant to this

1 subsection may be reinstated. The secretary of state shall
2 adopt rules governing the reinstatement of a corporation
3 pursuant to this subsection.

4 Sec. 28. Chapter 504 is repealed.

5 EXPLANATION

6 This bill provides for the execution and filing of
7 cooperative association documents required to be filed with
8 the secretary of state. The bill removes requirements
9 relating to acknowledgment or verification of documents. It
10 provides for execution of documents by certain persons
11 authorized to act on behalf of the association. Execution is
12 accomplished by the person signing the person's name next to
13 the person's printed name. The bill also provides for the
14 correction of errors in documents already filed, and provides
15 when corrected documents are deemed to have been filed.

16 This bill makes procedural changes to the nonprofit
17 corporation law, chapter 504A, which parallel the procedures
18 established for for-profit corporations under chapter 490,
19 enacted in 1989 Iowa Acts, chapter 288. Procedures effected
20 by the bill include: change of registered corporate agent,
21 form and content of corporate documents filed with the
22 secretary of state, correction of previously filed documents,
23 and related procedures. Conforming amendments to other
24 sections, are also included. Additionally, the bill requires
25 chapter 504 nonprofit corporations to convert to chapter 504A
26 corporations on or before July 1, 1992.

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SENATE FILE 2378

S-5577

1 Amend Senate File 2378 as follows:

- 2 1. By striking page 8, line 32 through page 9,
- 3 line 5.
- 4 2. By renumbering as necessary.

By EUGENE FRAISE

S-5577 FILED MARCH 20, 1990

WITHDRAWN (p. 1201)

SENATE FILE 2378

S-5578

1 Amend Senate File 2378 as follows:

- 2 1. Page 1, lines 17 through 19, by striking the
- 3 words and figures "Issuance of such stock in an amount
- 4 exceeding twenty-five thousand dollars shall be
- 5 governed by the law as found in sections 492.6 and
- 6 492.7." and inserting the following: "issuance of
- 7 such stock in an amount exceeding twenty-five thousand
- 8 dollars shall be governed by the law as found in
- 9 sections 492.6 and 492.7."
- 10 2. Page 1, lines 19 and 20, by striking the words
- 11 "in amounts smaller than twenty-five thousand dollars"
- 12 and inserting the following: "-in amounts smaller
- 13 than twenty-five thousand dollars".
- 14 3. Page 1, line 22, by striking the word
- 15 "director" and inserting the following: "directer
- 16 directors".
- 17 4. Page 1, by striking lines 23 through 28, and
- 18 inserting the following: "competent appraiser
- 19 employed by the directors. Within thirty days after
- 20 such issue, the association shall file with the
- 21 secretary of state a verified report containing an
- 22 accurate detailed description of the thing purchased,
- 23 the valuation thereof by the directors, and the amount
- 24 of preferred stock thus issued. Such preferred stock
- 25 shall be".
- 26 5. Page 3, line 19, by striking the word "must"
- 27 and inserting the following: "may".
- 28 6. Page 3, line 25, by striking the words "and
- 29 explain the cause for".
- 30 7. Page 3, line 25, by striking the word
- 31 "defective" and inserting the following: "incorrect".
- 32 8. Page 3, line 26, by striking the word
- 33 "incorrect" and inserting the following: "defective".
- 34 9. Page 3, line 26, by striking the words "the
- 35 defective" and inserting the following: "the
- 36 incorrect".

By EUGENE FRAISE

S-5578 FILED MARCH 20, 1990

ADOPTED (p. 1201)

FRAISE, CH.
GRONSTAL
GENTLEMAN

SSB 2222
STATE GOVERNMENT

SENATE FILE 2378
BY (PROPOSED SECRETARY OF
STATE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state chartered legal entities, especially
2 nonprofit corporations and cooperative associations, by
3 altering requirements and procedure for filing corporate
4 documents in the office of the secretary of state and by
5 requiring corporations organized under or subject to Iowa Code
6 chapter 504 to convert to chapter 504A within a certain period
7 of time.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2 amended to read as follows:

3 3. A nonprofit water utility organized under chapter 357A
4 or 504A may elect to become an association under this chapter
5 upon majority vote of its members by filing with the secretary
6 of state a ~~verified~~ statement confirming the election and
7 appropriate articles of incorporation. However, the
8 association is subject to the service limitation provisions
9 contained in sections 357.1 and 357A.2.

10 Sec. 2. Section 499.25, Code 1989, is amended to read as
11 follows:

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13 An association may discharge all or any part of obligations
14 incurred in purchasing any business, property or stock, or an
15 interest therein, by issuing its authorized preferred stock in
16 an amount not exceeding the fair market value of the thing
17 purchased. Issuance of such stock in an amount exceeding
18 twenty-five thousand dollars shall be governed by ~~the law as~~
19 ~~found in~~ sections 492.6 and 492.7. Issuance of such stock in
20 amounts smaller than twenty-five thousand dollars shall be
21 upon the fair market value of the property purchased, as
22 determined through an appraisal made by the director or a
23 competent appraiser employed by the directors. Within thirty
24 days after such issue, the association shall file with the
25 secretary of state a ~~verified~~ report containing an accurate
26 detailed description of the thing purchased, the valuation
27 thereof of the thing by the directors, and the amount of
28 preferred stock ~~thus~~ issued. Such preferred stock shall be
29 valid as though paid for in cash.

30 Sec. 3. Section 499.41, unnumbered paragraph 2, Code 1989,
31 is amended to read as follows:

32 ~~Amendments, signed and acknowledged by officers designated~~
33 ~~for such purpose,~~ shall be executed and filed and recorded as
34 provided in section 499.44.

35 Sec. 4. Section 499.42, unnumbered paragraph 4, Code 1989,

1 is amended to read as follows:

2 The renewal articles shall be ~~signed~~, executed and filed
3 ~~and-recorded~~ as required by section 499.41. Renewal shall not
4 relieve the association from fees, charges, or penalties which
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9 majority vote of all its members, at a meeting called for that
10 purpose and held before its present articles expire, may amend
11 its articles ~~so-as~~ to comply with this chapter and section
12 499.40, which may extend its corporate duration. ~~Such~~ The
13 amended articles ~~signed-and-acknowledged-by-officers~~
14 ~~designated-for-that-purpose~~, shall be executed and filed and
15 recorded, and a certificate of incorporation issued, as
16 required by section 499.44 ~~whereupon-such~~. Upon issuance of
17 the certificate, the corporation shall be deemed an
18 association under this chapter.

19 Sec. 6. Section 499.44, Code 1989, is amended by striking
20 the section and inserting in lieu thereof the following:

21 499.44 EXECUTION AND FILING OF DOCUMENTS.

22 1. The secretary of state shall record all documents
23 submitted to and required to be filed with the secretary under
24 this chapter.

25 2. A document required to be filed with the secretary of
26 state pursuant to this chapter must be executed. The person
27 executing the document must be the association's presiding
28 officer of the board of directors, or the association's
29 president or other officer. However, if the board of
30 directors has not been selected or the association has not
31 been formed, the document must be signed by an incorporator of
32 the association. If the association is under the control of a
33 person acting as a fiduciary of the association, including a
34 trustee or receiver, the document must be signed by the
35 fiduciary.

1 A document required to be executed shall contain the
2 printed name of the person executing the document and the
3 capacity in which the person serves the association. The
4 signature of the person must appear above or opposite the
5 person's printed name and capacity. In the discretion of the
6 secretary of state, a document containing a copy of the
7 person's signature may be accepted for filing. The document
8 may also contain a corporate seal, an attestation by the
9 secretary of state or person charged by the secretary, or an
10 acknowledgement, verification, or proof that the execution is
11 valid.

12 3. Articles of incorporation, amendments to articles, or
13 renewal of articles must be filed with the secretary of state,
14 and recorded in the county where the association has its
15 principal place of business, as required by the general
16 corporation laws. The association's corporate existence shall
17 begin upon approval by the secretary of state of the articles
18 and issuance of the certificate of incorporation.

19 4. A document filed under this section must be corrected
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21 execution of the document was defective. A document is
22 corrected by filing with the secretary articles of correction
23 which describe the document to be corrected, including its
24 filing date or a copy of the document. The articles must
25 specify and explain the cause for the defective statement or
26 incorrect execution, and correct the defective statement or
27 defective execution.

28 Articles of correction are deemed to be effective on the
29 date that the document corrected took or takes effect.
30 However, as applied to persons relying upon the uncorrected
31 document or adversely affected by the articles of correction,
32 the effective date of the articles of correction is the date
33 that the articles are filed.

34 Sec. 7. Section 499.47, subsection 3, Code 1989, is
35 amended to read as follows:

1 3. Upon the expiration or voluntary dissolution of an
2 association, the members shall designate three of their number
3 as trustees to replace the officers and directors and wind up
4 its affairs. Such The trustees shall ~~thereupon~~ have all the
5 powers of the board, including the power to sell and convey
6 ~~all~~ real or personal property and execute conveyances thereof.
7 Within the time fixed in their designation, or any extension
8 thereof of that time, they the trustees shall liquidate its
9 the association's assets, pay its debts and expenses, and
10 distribute any remaining funds among the members, ~~and~~
11 thereupon. Upon distribution of remaining assets the
12 association shall stand dissolved and cease to exist. The
13 trustees shall make, and sign, and acknowledge a duplicate
14 report of such the dissolution, ~~filling one.~~ One copy of the
15 report shall be filed with the secretary of state and one copy
16 of the report shall be filed with the recorder of the county
17 where the articles were recorded.

18 Sec. 8. Section 499.67, unnumbered paragraph 1, Code 1989,
19 is amended to read as follows:

20 Upon approval, articles of merger or articles of
21 consolidation shall be executed by each co-operative
22 association ~~by its president or a vice president and by its~~
23 ~~secretary or an assistant secretary, and acknowledged by one~~
24 ~~of the officers of each co-operative association signing the~~
25 ~~articles, and shall set forth as provided in section 499.44.~~
26 The articles must include the following:

27 Sec. 9. Section 499.67, unnumbered paragraph 2, Code 1989,
28 is amended to read as follows:

29 The articles of merger or articles of consolidation shall
30 be delivered to the secretary of state for filing and
31 ~~recording in the secretary of state's office,~~ and shall be
32 filed and recorded in the office of the county recorder.

33 Sec. 10. Section 504A.9, subsection 5, Code Supplement
34 1989, is amended to read as follows:

35 5. If its registered agent or agents be are changed, the

1 name of its successor registered agent or agents, and the new
2 agent's or agents' written consent, either on the statement,
3 or by attaching the agent's or agents' consent to the
4 appointment.

5 Sec. 11. Section 504A.9, subsection 7, Code Supplement
6 1989, is amended by striking the subsection.

7 Sec. 12. Section 504A.9, unnumbered paragraph 2, Code
8 Supplement 1989, is amended to read as follows:

9 ~~Such statement shall be executed by the corporation by its~~
10 ~~president or a vice president.---Such~~ The statement shall be
11 delivered to the secretary of state for filing and recording
12 in the secretary of state's office, and the statement shall be
13 filed and recorded in the office of the county recorder. If
14 the registered office is changed from one county to another,
15 the statement shall be filed and recorded in the office of the
16 county recorder of the county to which the registered office
17 is changed, and a certified copy of the statement shall be
18 furnished by the secretary of state and delivered to the
19 office of the county recorder for filing in the county in
20 which the registered office was located prior to the filing of
21 the statement.

22 Sec. 13. Section 504A.32, Code Supplement 1989, is amended
23 by adding the following new subsections:

24 NEW SUBSECTION. 4. A document that is filed in the office
25 of the secretary of state shall be executed:

26 a. By the presiding officer of the board of directors of
27 the corporation or the foreign corporation, its president, or
28 another of its officers.

29 b. If directors have not been selected or the corporation
30 has not been formed, by an incorporator.

31 c. If the corporation is in the hands of a receiver,
32 trustee, or other court-appointed fiduciary, by that
33 fiduciary.

34 NEW SUBSECTION. 5. The person executing the document
35 shall sign it and state beneath or opposite the signature, the

1 person's name and the capacity in which the person signs. The
2 secretary of state may accept for filing a document containing
3 a copy of a signature, however made. The document may, but
4 need not, contain:

5 a. The corporate seal.

6 b. An attestation by the secretary or an assistant
7 secretary.

8 c. An acknowledgment, verification, or proof.

9 NEW SUBSECTION. 6. The secretary of state may adopt rules
10 permitting the electronic filing of documents in the office of
11 the secretary of state, and for the certification of copies of
12 electronically filed documents.

13 Sec. 14. NEW SECTION. 504A.32A CORRECTING FILED
14 DOCUMENTS.

15 1. A domestic or foreign corporation may correct a
16 document filed by the secretary of state if the document
17 satisfies one or both of the following requirements:

18 a. The document contains an incorrect statement.

19 b. The document was defectively executed, attested,
20 sealed, verified, or acknowledged.

21 2. A document is corrected by complying with both of the
22 following:

23 a. By preparing articles of correction that satisfy all of
24 the following requirements:

25 (1) Describe the document, including its filing date, or
26 attach a copy of it to the articles.

27 (2) Specify the incorrect statement or manner in which the
28 execution was defective.

29 (3) Correct the incorrect statement or defective
30 execution.

31 b. By delivering the articles of correction to the
32 secretary of state for filing.

33 3. Articles of correction are effective on the effective
34 date of the document they correct except as to persons relying
35 on the uncorrected document and adversely affected by the

1 correction. As to persons relying on the uncorrected document
2 and adversely affected by the correction, the articles of
3 correction are effective when filed by the secretary of state.

4 Sec. 15. Section 504A.36, unnumbered paragraph 1, Code
5 1989, is amended to read as follows:

6 The articles of amendment shall be executed by the
7 corporation ~~by its president or a vice president and by its~~
8 ~~secretary or an assistant secretary, and acknowledged by one~~
9 ~~of the officers signing such articles,~~ and shall set forth:

10 Sec. 16. Section 504A.39, unnumbered paragraph 2, Code
11 1989, is amended to read as follows:

12 Upon such approval, restated articles of incorporation
13 shall be executed by the corporation ~~by its president or vice~~
14 ~~president and by its secretary or assistant secretary, and~~
15 ~~verified by one of the officers signing the same,~~ and shall
16 set forth, as then stated in the corporation's articles of
17 incorporation and, if the restated articles of incorporation
18 include an amendment or amendments to the articles of
19 incorporation to be made thereby, as so amended:

20 Sec. 17. Section 504A.43, unnumbered paragraph 1, Code
21 1989, is amended to read as follows:

22 Upon such approval, articles of merger or articles of
23 consolidation shall be executed by each corporation ~~by its~~
24 ~~president or a vice president and by its secretary or an~~
25 ~~assistant secretary, and acknowledged by one of the officers~~
26 ~~of each corporation signing such articles,~~ and shall set
27 forth:

28 Sec. 18. Section 504A.51, unnumbered paragraph 1, Code
29 1989, is amended to read as follows:

30 If voluntary dissolution proceedings have not been revoked,
31 then when all debts, liabilities, and obligations of the
32 corporation ~~shall~~ have been paid and discharged, or adequate
33 provision ~~shall~~ has been made ~~therefor~~ for them, and all
34 of the remaining property and assets of the corporation ~~shall~~
35 have been transferred, conveyed, or distributed in accordance

1 with ~~the provisions of~~ this chapter, articles of dissolution
2 shall be executed by the corporation ~~by its president or a~~
3 ~~vice president and by its secretary or an assistant~~
4 ~~secretary and verified by one of the officers signing such~~
5 ~~statement which statement shall set forth.~~ The articles of
6 dissolution shall set forth:

7 Sec. 19. Section 504A.69, unnumbered paragraph 2, Code
8 Supplement 1989, is amended to read as follows:

9 The application shall be made on forms prescribed and
10 furnished by the secretary of state and shall be executed by
11 the corporation ~~by its president or a vice president and by~~
12 ~~its secretary or an assistant secretary and verified by one~~
13 ~~of the officers signing such application.~~

14 Sec. 20. Section 504A.73, subsection 5, Code Supplement
15 1989, is amended to read as follows:

16 5. If its registered agent or agents be are changed, the
17 name of its successor registered agent or agents, and the new
18 agent's or agents' written consent, either on the statement,
19 or by attaching the agent's consent to the appointment.

20 Sec. 21. Section 504A.73, subsection 7, Code Supplement
21 1989, is amended by striking the subsection.

22 Sec. 22. Section 504A.78, unnumbered paragraph 2, Code
23 1989, is amended to read as follows:

24 The application for withdrawal shall be made on forms
25 prescribed and furnished by the secretary of state and shall
26 be executed by the corporation ~~by its president or a vice~~
27 ~~president and by its secretary or an assistant secretary, and~~
28 ~~verified by one of the officers signing the application, or~~
29 ~~if the corporation is in the hands of a receiver or trustee,~~
30 ~~shall be executed on behalf of the corporation by such~~
31 ~~receiver or trustee and verified by that person.~~

32 Sec. 23. Section 504A.87, unnumbered paragraph 5, Code
33 Supplement 1989, is amended to read as follows:

34 If the certificate of incorporation of a corporation has
35 been canceled by the secretary of state as provided in this

1 section for failure to file an annual report, such corporation
2 shall be reinstated by the secretary of state at any time
3 within five two years following the date of the issuance by
4 the secretary of state of the certificate of cancellation
5 upon:

6 Sec. 24. Section 504A.87, subsection 1, unnumbered
7 paragraph 1, Code Supplement 1989, is amended to read as
8 follows:

9 The delivery by the corporation to the secretary of state
10 for filing in the secretary of state's office of an
11 application for reinstatement, ~~executed-by-its-president-or~~
12 ~~vice-president-and-by-its-secretary-or-an-assistant-secretary~~
13 ~~and-verified-by-one-of-the-officers-signing-such-application;~~
14 which shall set forth:

15 Sec. 25. Section 504A.87, Code Supplement 1989, is amended
16 by adding the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. When the certificate of
18 reinstatement is effective, it relates back to and takes
19 effect as of the effective date of the cancellation as if the
20 cancellation had never occurred.

21 Sec. 26. Section 504A.100, subsection 3, paragraphs a and
22 b, Code 1989, are amended to read as follows:

23 a. ~~As-to-domestic-corporations;-a~~ A resolution reciting
24 that the corporation voluntarily adopts this chapter and
25 designating the address of its initial registered office and
26 the name of its registered agent or agents at ~~such~~ that
27 address and, if the name of the corporation does not comply
28 with this chapter, amending the articles of incorporation of
29 the corporation to change the name of the corporation to one
30 complying with the requirements of this chapter, shall be
31 adopted by the procedure prescribed by this chapter for the
32 amendment of articles of incorporation. If ~~such~~ the
33 corporation has ~~theretofore~~ issued shares of stock, ~~said~~ the
34 resolution shall contain a statement of ~~such~~ that fact
35 including the number of shares ~~theretofore~~ authorized, the

1 number issued and outstanding, and a statement that all issued
2 and outstanding shares of stock have been delivered to the
3 corporation to be canceled upon the adoption of this chapter
4 by the corporation becoming-effective, or will be canceled
5 upon receipt by the corporation, and that from and after the
6 effective date of said adoption the authority of the
7 corporation to issue shares of stock ~~shall-be-thereby~~ is
8 terminated. As to foreign corporations, a resolution shall be
9 adopted by the board of directors, reciting that the
10 corporation voluntarily adopts this chapter, and designating
11 the address of its registered office in this state and the
12 name of its registered agent or agents, at ~~such~~ that address
13 and, if the name of the corporation does not comply with this
14 chapter, setting forth the name of the corporation with the
15 changes which it elects to make ~~therein~~ in the name conforming
16 to the requirements of this chapter for use in this state.

17 b. Upon adoption of the required resolution or
18 resolutions, an instrument shall be executed by the
19 corporation ~~by-its-president-or-vice-president-and-by-its~~
20 ~~secretary-or-an-assistant-secretary-and-verified-by-one-of-the~~
21 ~~officers-signing-the-instrument,~~ which shall set forth both of
22 the following:

23 (1) The name of the corporation,.

24 (2) Each such resolution adopted by the corporation and
25 the date of its adoption thereof.

26 Sec. 27. Section 504A.100, Code 1989, is amended by adding
27 the following new subsection:

28 NEW SUBSECTION. 13. Corporations existing under chapter
29 504 shall be subject to this chapter on July 1, 1990, except
30 that the corporations shall be subject to sections 504A.8 and
31 504A.83 on January 1, 1992. A corporate existence of a
32 corporation that is not in compliance on the records of the
33 secretary of state with sections 504A.8 and 504A.83 on June
34 30, 1992, is terminated, effective July 1, 1992. A
35 corporation whose existence is terminated pursuant to this

1 subsection may be reinstated. The secretary of state shall
2 adopt rules governing the reinstatement of a corporation
3 pursuant to this subsection.

4 Sec. 28. Chapter 504 is repealed.

5 EXPLANATION

6 This bill provides for the execution and filing of
7 cooperative association documents required to be filed with
8 the secretary of state. The bill removes requirements
9 relating to acknowledgment or verification of documents. It
10 provides for execution of documents by certain persons
11 authorized to act on behalf of the association. Execution is
12 accomplished by the person signing the person's name next to
13 the person's printed name. The bill also provides for the
14 correction of errors in documents already filed, and provides
15 when corrected documents are deemed to have been filed.

16 This bill makes procedural changes to the nonprofit
17 corporation law, chapter 504A, which parallel the procedures
18 established for for-profit corporations under chapter 490,
19 enacted in 1989 Iowa Acts, chapter 288. Procedures effected
20 by the bill include: change of registered corporate agent,
21 form and content of corporate documents filed with the
22 secretary of state, correction of previously filed documents,
23 and related procedures. Conforming amendments to other
24 sections, are also included. Additionally, the bill requires
25 chapter 504 nonprofit corporations to convert to chapter 504A
26 corporations on or before July 1, 1992.

27 BACKGROUND STATEMENT

28 SUBMITTED BY THE AGENCY

29 The bill simplifies the execution of a document by a
30 cooperative association filed in the office of secretary of
31 state by permitting any corporate officer to execute the
32 document and by removing the need for acknowledgment or
33 verification of the signature. The bill permits the secretary
34 of state to accept a copy of a signature for filing. The bill
35 simplifies the procedure for correcting documents that have

1 been filed by the secretary of state. These procedures are
2 parallel to the procedure for profit corporations in Senate
3 File 502 (1989).

4 This bill simplifies the execution of a nonprofit
5 corporation document filed in the office of the secretary of
6 state by permitting any corporate officer to execute the
7 document and by removing the need for acknowledgment or
8 verification of the signature. The bill permits the secretary
9 of state to accept a copy of a signature for filing. Ability
10 to accept a copy of a signature permits filings through fax
11 machines or other electronic filing methods which might be
12 utilized in the future. These simplified procedures parallel
13 the procedures established for for-profit corporations in 1989
14 Iowa Acts, chapter 288 (Iowa Model Business Corporations Act,
15 1989 Senate File 502).

16 The bill changes the procedure for the voluntary adoption
17 of chapter 504A by nonprofit corporations organized under
18 chapter 504 by permitting a 504 corporation with issued and
19 outstanding shares to state in its election to adopt chapter
20 504A that the outstanding shares have been canceled, or will
21 be canceled upon receipt by the corporation. Current law
22 requires a statement that the shares have been canceled.

23 The bill requires the written consent of a newly appointed
24 registered agent. This procedure is parallel to the procedure
25 for appointing a new registered agent of a for-profit
26 corporation enacted in 1989 Iowa Acts, chapter 288.

27 The bill also simplifies the procedure for correcting
28 documents that have been filed with the secretary of state.
29 This correction procedure again parallels the for-profit
30 procedure adopted in 1989 Iowa Acts, chapter 288.

31 The bill repeals Iowa Code chapter 504 under which
32 nonprofit corporations were organized prior to the 1966 Iowa
33 Code, and permits corporations still existing under chapter
34 504 to adopt the provisions of the modern nonprofit
35 corporation statute. Again this is similar to requiring for-

1 profit corporations under chapter 496A to convert to the newly
2 adopted Iowa Business Corporation Act in chapter 490, as
3 required by 1989 Iowa Acts, chapter 288.

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